

Multipayer Reimbursement Model Pilot

Pilot Design

Purpose

The pilot will test the effect of changes in payment for primary care medical care on the incidence and overall cost of preventable Emergency Department and inpatient hospital care.

Payment Model

The payment model has two parts:

- *Care management fee*, calculated at \$2.50 per member per month (PMPM) for the first observation period, \$2.00 PM for the second and third observation periods. This is paid to the participating medical practice site in addition to the normal reimbursement from a participating health plan for clinical services to its enrollees. The calculated amounts are intended to cover basic elements of medical homes such as care management, expanded access/hours, registry maintenance and team management.
- *Shared savings*, imputed on the basis of reduced incidence of preventable ED and inpatient care, at practice-specific standard prices for those services. Practice sites will be eligible for a 50% share of imputed savings above the amount paid them in PMPM, if they maintain clinical quality. If a site fails to achieve savings at least equal to its PMPM total payment, it is liable for a penalty of the shortfall up to a maximum of 50% of PMPM. Payment of shared savings or penalties accrued in one observation period are realized by adjustments to PMPM in the subsequent payment period.

Participating Practice Sites

Final selection of participating sites will occur approximately March 1, 2011. Candidate sites went through an initial preselection based on criteria such as:

- Readiness to offer medical home services, e.g. use of patient registries, willingness to expand patient access, team structure/orientation
- Preference for practices participating in the Department of Health learning collaborative on the Patient Centered Medical Home or previous collaboratives
- Not being in the process of implementing an electronic health record

Final selection will be based on participating payers' limitations on actuarial exposure, which limits the number of enrollees/patients in the pilot, as well as candidate practices' determination of their potential to participate successfully.

Participating Payers

Major national and regional payers have indicated willingness to participate, including Premiera, Regence, Group Health, Aetna, CIGNA, United Health Care, Molina Health Care and Community Health Plan of Washington. These payers will participate on behalf of their commercially insured, Medicare Advantage, Basic Health and Healthy Options enrollees.

Performance Measurement

The two primary performance measures will be preventable Emergency Department and preventable hospital inpatient use by patients attributed to the practice site.

- *Preventable ED use* is measured using an algorithm developed by New York University, which calculates the probability that an ED event is preventable in the presence of adequate primary care services.
- *Ambulatory-sensitive inpatient use* is measured using an algorithm developed by the Agency for Healthcare Research and Quality (AHRQ), which calculates whether a case could be managed in an ambulatory setting based on diagnosis.

Performance is measured for an observation period against the practice's performance during a prepilot baseline period (dates of service July 2007-June 2009).

Quality Maintenance

A participating practice site is eligible if it maintains clinical quality during the pilot period, as measured by a composite of seven clinical quality process indicators which mimic HEDIS measures. As with the ED and inpatient performance measurement, quality performance during an observation period is benchmarked against the baseline period.

Pilot Duration

The pilot is divided into three observation periods: April-December 2011, January-December 2012 and January-December 2013. Performance and payment reconciliation will be based on calculations from claims data submitted to HCA's contract data aggregator, Milliman, Inc, six months after the end of each observation period.